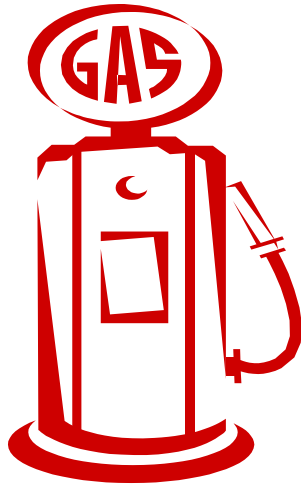


Smog & Mirrors



The Cheney Energy Task Force and Higher Prices at the Pump

A Report by Congressman George Miller
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April 26, 2004

Bush-Cheney Energy Policy: SMOG and Mirrors

On April 27, the United States Supreme Court will begin oral arguments on one of the most important cases of our time: *Cheney v. U.S. D.C. District of Columbia*. The Court will consider whether the Bush Administration should have to abide by a Federal law that requires government agencies to disclose connections with lobbyists. The White House believes it should be exempt from the statute, but watchdog groups contend that no one should be above the law when it comes to protecting the public's interest.

At the root of the *Cheney* case is a battle between environmental groups and the Bush White House over how much influence special interests had in formulating the Administration's proposed energy policy. **The truth is that energy interests have extensive influence in the Bush Administration, and consumers are paying the price for it at the pumps.**

The Bush Administration has a record of missed opportunities when it comes to developing new strategies for energy and for gas prices in our country. Instead of implementing forward-thinking energy policies to reduce our reliance on foreign oil and bring down gas prices, this Administration has instead cozied up to corporate interests, giving former lobbyists jobs at the White House and inviting industry insiders to write energy policy. The result: record energy prices for consumers.

President Bush has stocked his Administration with former oil industry and gas lobbyists. And energy interests have funneled millions of dollars into Republican campaign coffers. Top energy CEO's count themselves among Bush's Pioneers – fundraisers who have raised more than \$100,000 for the Bush-Cheney campaigns. With special interests so closely tied to the White House, it should come as no surprise that when the President's Energy Task Force – led by Vice President Cheney – sat down to make recommendations for the nation's energy policy, they invited corporate interests to the White House to write the agenda and the legislation. Between January and September 2001, corporate energy lobbyists had more than 700 direct contacts with the Administration.

Not surprisingly, the Bush-Cheney Energy Task force recommendations – and the Republican Energy bill that followed - were little more than a laundry list of handouts to the energy industry. According to the Administration's own experts at the Energy Information Administration (EIA), that Republican bill would actually increase the price of gas at American pumps. And President Bush, despite promising to stand up to OPEC to keep fuel costs in check, has let gas prices reach record highs.

This report documents the close ties between the Administration and the energy industry and the failure, as a result, of the Administration to implement energy policies that benefit American consumers. As you consider the Supreme Court deliberations in the Cheney energy task force case, please keep the findings of this report in mind.

Bush and OPEC: All Bark, No Bite

Since taking office, President Bush has failed to live up to his promise to stand up for American consumers by putting pressure on oil producing nations to increase their output. As a result, in April, OPEC imposed a cut in oil production. Experts predict gas prices could reach \$3 dollars a gallon this summer.

During the 2000 Presidential election campaign, Gov. George W. Bush promised to take on the OPEC cartel on behalf of American consumers:

- ⇒ **GOVERNOR BUSH:** “I think the president ought to get on the phone with the OPEC cartel and say, ‘We expect you to open your spigots,’” Bush said. “The president of the United States must jawbone OPEC members to lower the price.” [[Financial Times](#), 2/2/00]
- ⇒ **GOVERNOR BUSH:** “I would work with our friends in OPEC to convince them to open up the spigot, to increase the supply. Use the capital that my administration will earn, with the Kuwaitis or the Saudis, and convince them to open up the spigot.” [[New York Times](#), 6/28/00]
- ⇒ **GOVERNOR BUSH:** “It's important for the president to explain [to oil producing nations], in clear terms, what high energy prices will not only do to our economy, but what high energy prices will do to the world economy.” [[CNN](#), 1/26/00]
- ⇒ **GOVERNOR BUSH:** “We're dependent upon crude. ... I would hope the administration would convince our friends in OPEC to open the spigots.” [[Los Angeles Times](#), 6/22/00]

Under Bush, Gas Prices Have Reached Record Highs. According to the Department of Energy's weekly survey, gas prices in April 2004 hit a nearly 13-year high. Gas prices have increased nearly 35 cents since mid December, rising three cents in just the past two weeks. Economists estimate that each one-cent rise in gas prices costs the American economy \$1 billion. [[Los Angeles Times](#), 4/20/04, [San Francisco Chronicle](#), 4/20/04, [USA Today](#), 4/20/04, [Bloomberg.com: News & Commentary](#), [Reuters](#), 4/23/04, [CNN.com](#), 4/25/04]

- **Bush Energy Secretary Testified the Administration Would Not Ask OPEC to Halt Scheduled Production Cuts.** Despite Bush's promise to use the United States' world capital to negotiate reasonable gas prices, Secretary of Energy Spencer Abraham testified before a Senate Committee in March that the Administration would not publicly call upon OPEC to halt production cuts that were to go into effect on April 1st. Consequently, OPEC instituted its planned production cuts and gas prices have gone up more than three cents a gallon on average in the United States. [Daschle Letter to President Bush, 3/30/04, [New York Times](#), 4/1/04, [U.S. Retail Gasoline Prices](#)]

Bush White House, Republicans: The Great Oil Party

It is not surprising President Bush has failed to live up to his campaign promise to “jawbone” OPEC, given his Administration’s close ties to lobbyists and insiders in the oil and gas industry.

Bush White House: Packed with Polluters. From the highest-level staffers on down, the Bush Administration has former oil and gas industry lobbyists and special interests installed in key positions:

Bush Insider	Connection to Big Oil & Energy
Vice President Dick Cheney	Cheney was the CEO of Halliburton from 1995 to 2000 – an oil field services company that has profited from no-bid contracts in Iraq and admitted overcharging taxpayers millions of dollars. Cheney received \$178,437 in deferred payments from Halliburton in 2003 [CNN.com , Yahoo! 2003]
White House Chief of Staff Andrew Card	Card was General Motors' chief lobbyist for a year and served as the CEO of the American Automobile Manufacturers Association. [NRDC]
Sec. of Commerce Don Evans	Evans worked for Denver-based oil and gas company Tom Brown, Inc. for 25 years and was a board member of TMBR/Sharp Drilling, an oil and drilling organization. [NRDC]
Sec. of Interior Gale Norton	Norton was a senior attorney for the Mountain States Legal Foundation, a controversial group formed by former Interior Secretary James Watt and funded by mining, logging, oil and grazing interests such as Texaco, Exxon, and Chevron. [Washington Post , 1/8/01, The Associated Press State & Local Wire , 2/11/99; The Fresno Bee , 9/4/00; Ventura County Star , 9/1/00; The New York Times , 1/31/01, Chemical Market Reporter , 8/17/98]
Fmr. Dep. Sec. of Interior, J. Steven Griles	Griles was a lobbyist for National Environmental Strategies, where he represented a number of energy companies, including Shell Oil, Texaco, Arch Coal, Chevron and the National Mining Association. At the White House Griles continued to receive deferred compensation worth \$284,000 a year (for four years). Though Griles had signed an agreement to recuse himself from making any client related decisions, he allegedly met dozens of times with clients of his former firm. [Friends of the Earth , The Seattle Post-Intelligencer , 7/14/01, Palm Beach Post , 10/2/03, New York Times , 7/2/03]

Bush Insider	Connection to Big Oil & Energy
Fmr. Asst. Sec. of Energy Dan Brouillette	Brouillette was a lobbyist for mining and oil companies. [Warstories:CC - Dan Brouillette , Washington Post , 4/1/04]
Asst. Sec. of Energy Vickey Bailey	Bailey was the President of PSI Energy Inc., Indiana's largest electric supplier and the Indiana operating company of Cinergy Corp. [Regulatory Intelligence Data , 8/3/01, NRDC]
Fmr. Dep. Sec. of Energy Francis S. Blake	Blake was the Senior Vice President of Corporate Business Development at General Electric. [DOE Presidential Appointees Sworn In , San Francisco Chronicle , 5/13/03, Washington Post , 3/2/02]
Asst. Administrator at EPA Jeffrey Holmstead	Holmstead was a lawyer at Latham & Watkins, where he represented the Alliance for Constructive Air Policy – an association including companies like Cinergy – in their effort to halt an EPA plan to reduce smog. [Christian Science Monitor , 11/14/03]
Acting EPA Administrator Marianne Lamont Horinko	Horinko was the president of Don Clay Associates, an environmental consulting firm that represented Koch Petroleum. [Christian Science Monitor , 11/14/03]

The Bush Administration and Republicans in Congress Have Taken Millions of Dollars from Energy Interests. So far this cycle, President Bush is the single biggest recipient of contributions from the energy industry, taking in a whopping \$3.2 million from leading energy interests since 2002, alone. Overall, Republicans have raised millions of dollars from the very companies at the center of the Cheney Energy Task Force scandal, including:

CONTRIBUTIONS TO THE GRAND OIL PARTY

- **Nuclear Energy Institute:** \$476,404
- **Edison Electric Institute:** \$675,387
- **United States Enrichment Corporation:** \$40,500
- **National Mining Association:** \$752,564
- **Westinghouse:** \$70,110
- **American Gas Association:** \$483,978
- **CMS Energy:** \$398,555
- **Southern Company:** \$1.8 million
- **American Petroleum Institute:** \$59,826
- **Exelon Corporation:** \$1.1 million
- **Enron Corporation:** \$2.5 million

Source: [NRDC Press Archive: Data Shows Industry had Extensive Access to Cheney's Energy Task Force](#), [www.opensecrets.org](#)

Bush's "Pioneers" From Oil and Gas Industry. Bush's connection to the companies involved in the energy task force scandal goes beyond their campaign contributions to Republicans: Six of the Bush-Cheney Pioneers come from top oil and gas companies.

- Dwight Evans (2004 Pioneer): Executive Vice President of Southern Co.
- Anthony Alexander (2000 & 2004 Pioneer): President of FirstEnergy
- Thomas Kuhn (2000 and 2004 Pioneer): President of the Edison Electric Institute (EEI)
- Erle A. Nye (2000 and 2004 Pioneer): Chairman and CEO of TXU
- Ronald Steve Letbetter (2000 Pioneer): Former CEO of Reliant Energy
- Don D. Jordan (2000 Pioneer): Former Chairman of Reliant

Source: <http://www.whitehouseforsale.org/documents/EnergyBillBooty.pdf>

GOP Energy Policy FAILS to Lower Gas Prices

President Bush's energy policy failures go far beyond his flip flop on standing up to OPEC. Bush has offered no solution to rising gas prices and has failed to provide a roadmap for reducing our dependence on foreign energy sources and fossil fuels.

Bush, Republican Energy Bill Would INCREASE Gas Prices. According to the Department of Energy Information Administration (EIA), the Bush/Republican Energy bill would actually increase consumer gas prices by nearly \$7 billion over the next ten years.

[[http://www.eia.doe.gov/oiaf/servicerpt/eleg/pdf/sroiaf\(2003\)04.pdf](http://www.eia.doe.gov/oiaf/servicerpt/eleg/pdf/sroiaf(2003)04.pdf)].

Bush Policy Driving Up Prices at the Pump. Just as gas prices are reaching record highs, Bush's refusal to temporarily suspend diverting oil to the Strategic Petroleum Reserve (SPR) is pushing gasoline supplies even higher by taking hundreds of thousands of barrels out of the market. According to the watchdog group Public Citizen, since 2001, Bush has taken 100,000 barrels of oil every day out of the market to stock the SPR.

[<http://www.citizen.org/documents/oilmergers.pdf>]